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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 001711

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SUBJECT: KMT CHAIRMAN WU ON PRESIDENTIAL RACE, UN REFERENDUM, AND MA VISIT TO THE U.S.

Classified By: AIT Director Stephen M. Young, Reason(s): 1.4 (B/D).

¶11. (C) Summary: DPP vice-presidential hopefuls Yeh Chu-lan and Su Tseng-chang are both formidable opponents, and either would help DPP presidential candidate close the gap with KMT presidential candidate Ma Ying-jeou, KMT Chairman Wu Po-hsiung told the Director on July 27. However, the KMT is more united at this point in the campaign than Wu and others had expected, enabling the KMT to put its full strength behind campaign tactics like a UN referendum of their own. The KMT does not want its referendum to pass, Wu explained, but instead hopes to dilute public support for the DPP referendum on joining the UN as "Taiwan." Wu expressed concern that Ma's next visit to the U.S. must rival the success of his last; otherwise, it would appear to Taiwan that U.S. support for Ma is dwindling. DIR assured both men that the USG would remain impartial and treat both candidates equally. The KMT remains worried that DPP campaign cries for "Taiwan identity" will trump the KMT's emphasis on practical economic concerns. Wu predicted that China will sit tight during this election to avoid branding Ma as Beijing's favorite. End Summary.

Both Potential DPP V-P Candidates Will Boost Hsieh

¶12. (C) KMT Chairman Wu Po-hsiung, accompanied by Vice Chairman John Kuan (Kuan Chung) and Amb. Steven Chen, told DIR on July 27 that DPP presidential candidate Frank Hsieh (Chang-ting) will likely choose former premier Su Tseng-chang or former vice premier Yeh Chu-lan as his vice-presidential running mate. Both are formidable opponents, who will bring different strengths to the DPP ticket. Yeh is female and an ethnic Hakka. Her gender will mean little to most voters, Wu predicted, but as a Hakka she will certainly help Hsieh attract Hakka voters in Taoyuan, Hsinchu, and Miaoli counties. Hakka voters in these three counties typically back KMT candidates two-to-one over their DPP opponents, Wu continued, but if Yeh joins Hsieh's ticket, Hakka voters could split almost evenly between the two parties. For his part, Su has established himself as an expert administrator in Pingtung and Taipei counties, where he remains very popular. For these reasons, Wu worried that Su could sap large numbers of voters from the Ma-Siew ticket, even in traditionally "Blue" counties like Taipei.

KMT Referendum A Means, Not An End

¶ 3. (C) Wu told the DIR that, despite lingering personal conflicts between certain party leaders (e.g. Ma and LY Speaker Wang Jin-pyng), the KMT is "more unified" in its opposition to "DPP campaign tactics" than expected at this point in the legislative and presidential campaigns. KMT party leaders, he said, fully understood that the DPP is using its UN referendum to promote "Taiwan identity" and to draw Green voters to the polls. In response, KMT leaders further agree that the best strategy is to dilute support for the DPP referendum by offering voters a KMT alternative. Although the KMT does not actually want any of the proposed referenda, including its own, to pass, party leaders felt the KMT could not let the DPP referendum go unchallenged. Voters will support the DPP or KMT version, but not both, Wu asserted, increasing the likelihood that neither will pass. DIR told Chairman Wu that the US supports Taiwan's democracy, but wished to avoid actions which could damage US-PRC-Taiwan relations. Wu stressed that the KMT continues to view the U.S. as Taiwan's most important political, economic and military ally, and urged the USG to view the KMT referendum as consonant with U.S. efforts to keep Taiwan's democratic process from touching on sensitive sovereignty-related matters.

KMT Concerned About Lukewarm US Reception For Ma?

¶ 4. (C) Noting the success of then-KMT Chairman Ma's visit to the U.S. in March 2006, Amb. Chen sought assurances from DIR that Ma would enjoy an equally warm reception should he visit the U.S. this fall. Taiwan voters will certainly compare the two visits, Chen explained, and would interpret a less

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enthusiastic reception as a sign of waning U.S. support for Ma. Chen insisted that Ma must "at least outshine Frank Hsieh," who returned to Taiwan from the U.S. on July 30. DIR responded that the USG strives to treat Taiwan's presidential candidates equally, and that Ma is welcome to visit the U.S. if he wishes to do so. But the USG could not guarantee in advance who would be available to meet with Ma during his visit, due to the demands of other pressing issues. (Note: The specific quarrel centered around the Deputy Secretary of State's availability. End Note.)

Campaign Is Head-vs-Heart Struggle

¶ 5. (C) This presidential election pits the KMT's promise of economic recovery against the DPP's promise of a greater "Taiwan identity," Wu explained. Vice-Chairman John Kuan explained that KMT leaders are worried that the DPP's "emotional" appeal could trump the KMT's "rational" appeal to their pocketbooks. DIR asked how the Ma campaign responds to the DPP challenge on "identity." Wu insisted that Ma had responded to each of the DPP's recent salvos, but he claimed the press had not been giving these responses the attention they deserved. Ma has the harder job of explaining how a common market with China might work, Wu argued, while Hsieh and the DPP need only to equate it with "One China" to poison many voters against the idea.

KMT Ranks are Increasingly Taiwanese, But Leaders Aren't

¶ 6. (C) DIR then asked whether the KMT had become "Taiwanese" enough to appeal to Taiwan's centrist voters. Wu, a Taiwan-born Hakka, replied that one's status as a "mainlander" or "Taiwanese" was no longer important to one's eligibility for leadership positions within the party. KMT membership demographics increasingly resemble those of Taiwan's general population, Wu continued, with similar proportions of "mainlanders" and "Taiwanese." Nonetheless, most of the KMT's most prominent leaders are mainlanders, Wu conceded, a fact which the DPP continues to exploit during

elections.

PRC Will Keep Its Mouth Shut

¶7. (C) What is the PRC's current attitude toward Taiwan, DIR asked, particularly toward President Chen? Wu asserted that Chinese President Hu Jintao is facing internal political pressures because Chen has already crossed several of the Anti-Secession Law's red lines with impunity. Nevertheless, Hu and others in the PRC leadership understand that reacting too harshly to Chen will only strengthen the position of Chen and the DPP, to the detriment of Ma and the KMT. Beijing will continue efforts to avoid showing any clear preference for Ma, or opposition to Hsieh, Wu predicted, to avoid helping the DPP or undermining Ma's presidential chances.

Comment

¶8. (C) Typically, Taiwan presidential candidates from both parties want to visit the U.S. because it gives them a chance to burnish their international credentials and to communicate directly with the USG. But the KMT leadership, perhaps Ma himself, seems more interested in damage control -- keeping Ma from anything that might negatively affect his campaign. This suggests that they are worried over the U.S. reaction to the KMT's own UN referendum proposal, and are hoping to ensure a positive program before committing to the trip. We will continue to respond that the U.S. aims at general parity, but will not succumb to a priori "guarantees" about the level of meetings or the agenda.

YOUNG